

CONFIDENTIAL

PTQ0125

RELEASED IN PART
B1, 1.4(D)PAGE 01 CARACA 03931 01 OF 03 092353Z
ACTION WHA-00

INFO	LOG-00	MFA-00	NP-00	AID-00	CEA-01	CIAE-00	CTME-00
	DINT-00	DODE-00	DOTE-00	PERC-00	SRPP-00	DS-00	EB-00
	EXIM-01	E-00	FAAE-00	VC-00	FRB-00	H-01	TEDE-00
	INR-00	ITC-01	L-00	VCE-00	AC-01	NSAE-00	OES-00
	OMB-01	OPIC-01	PA-00	PM-00	PRS-00	ACE-00	P-00
	SP-00	IRM-00	SSO-00	SS-00	STR-00	TRSE-00	USIE-00
	ASDS-00	EPAE-00	PMB-00	DSCC-00	PRM-00	DRL-02	G-00
	NFAT-00	SAS-00	/009W				

-----15128B 092353Z /38

O 092255Z DEC 02
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC IMMEDIATE 8901
INFO DEPT OF COMMERCE WASHDC PRIORITY
DEPT OF ENERGY WASHDC PRIORITY
NSC WASHDC PRIORITY
OPEC COLLECTIVE
AMEMBASSY BOGOTA
AMEMBASSY BRASILIA
AMEMBASSY LA PAZ
AMEMBASSY LIMA
AMEMBASSY MEXICO
AMEMBASSY PORT OF SPAIN
AMEMBASSY QUITO

C O N F I D E N T I A L SECTION 01 OF 03 CARACAS 003931

DEPT ALSO FOR DS/IP/WHA, S/S-O/DS, AND DS/DSS/ITA
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NSC FOR LLORENS
ENERGY FOR DAVID PHUMPHREY, ANDREA LOCKWOOD, MICHELLE
BILLIG, AND BART MARCOISE.O. 12958: DECL: 12/09/2012
TAGS: EPET, PGOV, ECON, ASEC, VE
SUBJECT: PDVSA: RUNNING ON EMPTY

REF: CARACAS 3907

CLASSIFIED BY: DCM FREDERICK B. COOK, REASONS 1.5 (B) AND (D)

SUMMARY

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WHO DETAILED THE NEAR TOTAL COLLAPSE OF COMPANY OPERATIONS. WITH THE CESSATION OF EXPORT OPERATIONS, THE ENERGY STORY IN VENEZUELA HAS LARGELY SHIFTED TO QUESTIONS ABOUT DOMESTIC FUELS DELIVERY. A CRISIS IN GASOLINE DISTRIBUTION HAS RESULTED IN LONG LINES AT THE FEW STATIONS NOW OPEN IN CARACAS. A U.S. COMPANY INVOLVED IN THE DISTRIBUTION OF NATURAL GAS FOR DOMESTIC USE REPORTS ITS FEEDSTOCKS ARE DOWN AND OPERATIONS ARE AT RISK. THE MINISTRY OF ENERGY AND MINES ISSUED A DECEMBER 8 DECREE AUTHORIZING THE MINISTRY TO TAKE TEMPORARY CONTROL OF GAS STATION OPERATIONS AND GASOLINE DISTRIBUTION. END SUMMARY.

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3. (C) [REDACTED] PDVSA IS NOW SHUTTING DOWN ALL PRODUCTION IN WESTERN VENEZUELA (MARACAIBO). HE UNDERLINED THAT ONCE THE GAS PRODUCED IN ASSOCIATION WITH CRUDE OIL IS NO LONGER AVAILABLE, POWER PLANTS WILL HAVE TO BURN LIQUIDS THAT MUST BE TRANSPORTED BY SHIP. [REDACTED] BELIEVES THE OPPOSITION IN MARACAIBO WILL SEEK TO BLOCK THE LAKE CHANNEL UNDER THE MARACAIBO CITY BRIDGE USING SMALL BOATS. THE ONLY PLANT STILL OPERATING AT THE EL TABLAZO PETROCHEMICAL COMPLEX IS THE CLORINE PLANT, WHICH IS NEEDED FOR WATER PURIFICATION.

B1

4. (C) [REDACTED] REPORTED THAT THERE IS STILL SOME PRODUCTION IN EASTERN VENEZUELA (&LESS THAN 300,000 BARRELS PER DAY8) BECAUSE SOME STORAGE IS STILL AVAILABLE. HOWEVER, SMALL-SCALE PDVSA OPERATIONS IN THE SOUTH IN APURE AND BARINAS STATES HAVE CEASED PUMPING TO EL PALITO REFINERY.

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[REDACTED] PDVSA,S PRODUCTION OF NON-ASSOCIATED GAS FROM ANACO HAS BEEN CUT TO MINIMUM LEVELS.

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THAT GAS WILL BE PROVIDED TO POWER PLANTS.

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5. (C) WITH REFERENCE TO THE REFINERY SITUATION, [] SAID THAT THE PUERTO LA CRUZ REFINERY IS STILL PRODUCING ABOUT 80,000 B/D OF HIGH QUALITY GASOLINE. THE TERMINAL, HOWEVER, IS COMPLETELY SHUT. THE EL PALITO REFINERY HAS BEEN SHUT DOWN. [] REPORTED THAT OPERATIONS AT THE PARAGUANA COMPLEX SHOULD BE COMPLETELY SHUT BY THE AFTERNOON OF DECEMBER 9 (IT TAKES THREE DAYS TO SHUT THE COMPLEX DOWN SAFELY ACCORDING TO KAMKOFF). FINALLY, [] CONFIRMED THAT PDVSA HAS DECLARED FORCE MAJEURE COVERING REFINERY PRODUCTS, LPG, AND CRUDE OIL.

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VENEZUELAN GOVERNMENT DECREE

6. (C) ON DECEMBER 8, THE MINISTRY OF ENERGY AND MINES (MEM) ISSUED A DECREE (FAXED TO THE DEPARTMENTS OF STATE AND ENERGY) AUTHORIZING THE MINISTRY TO TAKE TEMPORARY CONTROL OF GAS STATION OPERATIONS AND GASOLINE DISTRIBUTION. THE FUELS MANAGER OF ONE U.S. PRIVATE OPERATOR REPORTED THAT HE HAD MET WITH ENERGY VICE MINISTER BERNARDO ALVAREZ THE MORNING OF DECEMBER 9 WHO NOTED THAT THE DECREE WAS A NEGOTIATING TOOL AND THAT THERE WOULD BE FEW CASES OF TEMPORARY POSSESSION OF ASSETS BY THE GOVERNMENT. []

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ACTION WHA-00

INFO	LOG-00	MFA-00	NP-00	AID-00	CEA-01	CIAE-00	CTME-00
	DINT-00	DODE-00	DOPE-00	PERC-00	SRPP-00	DS-00	EB-00
	EXIM-01	E-00	FAAE-00	VC-00	FRB-00	H-01	TEDE-00
	INR-00	ITC-01	L-00	VCE-00	AC-01	NSAE-00	OES-00
	OMB-01	OPIC-01	PA-00	PM-00	PRS-00	ACE-00	P-00
	SP-00	IRM-00	SSO-00	SS-00	STR-00	TRSE-00	USIE-00
	ASDS-00	EPAE-00	PMB-00	DSCC-00	PRM-00	DRL-02	G-00
	NFAT-00	SAS-00	/009W				

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O 092255Z DEC 02

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC IMMEDIATE 8902

INFO DEPT OF COMMERCE WASHDC PRIORITY

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DEPT OF ENERGY WASHDC PRIORITY
NSC WASHDC PRIORITY
OPEC COLLECTIVE
AMEMBASSY BOGOTA
AMEMBASSY BRASILIA
AMEMBASSY LA PAZ
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C O N F I D E N T I A L SECTION 02 OF 03 CARACAS 003931

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GASOLINE HURTING

7. (C) ALTHOUGH THERE IS STILL GASOLINE IN CARACAS, MANY GAS STATIONS ARE NOW CLOSED. THE SITUATION IS WORSE IN OTHER PARTS OF THE COUNTRY WHERE WE HAVE SEEN TELEVISED PICTURES OF LONG LINES AT THE FEW OPEN STATIONS. THE GOV HAS GOTTEN SOME TRUCKS OUT) IN FACT THE AMBASSADOR AND ECONOFF SAW A TANKER PULLING UP TO A PDV GAS STATION ON THE WAY TO THE MEETING WITH [REDACTED] CONFIRMED THERE ARE SIGNIFICANT STOCKS OF PRODUCT IN STORAGE. THE PROBLEM IS TRANSPORT. HE CONFIRMED THAT PRODUCT IS BEING SHIPPED FROM DISTRIBUTION PLANTS, &BUT NOT ENOUGH.8 HE ALSO UNDERLINED HIS CONCERN THAT THE GOV WILL ATTEMPT TO OPERATE DISTRIBUTION PLANT CONTROL ROOMS WITHOUT PROPERLY TRAINED PERSONNEL.

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DOMESTIC GAS

8. (C) [REDACTED] B1
CONTACTED THE EMBASSY DECEMBER 9 TO REPORT THAT HE IS RUNNING
OUT OF FEEDSTOCK TO DISTRIBUTE DOMESTIC GAS (PROPANE TANKS
USED FOR HOME COOKING ETC.) AND HIS COMPANY-OWNED TRUCKS ARE
ALSO RUNNING OUT OF FUEL. VENGAS HAS BETWEEN 60-70 PERCENT
OF THE VENEZUELAN MARKET AND OPERATES ITS OWN TRUCKING FLEET.
[REDACTED] REPORTED HIS CONCERN ABOUT OPERATIONS SAFETY OF B1
OPERATIONS GIVEN THE EXHAUSTION OF THE DRIVERS WHO ARE
WORKING. HE NOTED THAT THE NATIONAL GUARD HAD ALREADY
VISITED HIS GUATIRE INSTALLATION TO CHECK ON THE STATUS OF
FOUR TRUCKS ON THE LOT. [REDACTED] IS CONCERNED THAT THE B1
MINISTRY OF ENERGY AND MINES MAY SEEK TO IMPLEMENT THE DECREE
AGAINST HIS OPERATION. HE PLANS TO SEND A LETTER TO THE MEM
DETAILING THE COMPANY,S EFFORTS TO REMAIN IN OPERATION AND
ADVISING IT OF AN IMMINENT SHUT DOWN OF OPERATIONS IF PDVSA
FAILS TO PROVIDE THE NECESSARY FEEDSTOCK.

FOREIGN OPERATORS

9. (C) FOREIGN OPERATOR REPORTS ON THEIR CRUDE PRODUCTION
LEVELS MATCH THE BLEAK PICTURE LAID OUT BY [REDACTED] B1
[REDACTED] INFORMED ECONOFF
THAT, OF FOUR FIELDS IN WHICH BP IS ASSOCIATED IN VENEZUELA,
TWO ARE ALREADY SHUT IN: JOSEPHIN IN THE EAST AND LL-652
(OPERATED BY CHEVRONTEXACO IN LAKE MARACAIBO). BP,S
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BOQUERON FIELD WAS STILL PRODUCING ON DECEMBER 8 BUT WILL BE
SHUT-IN COMPLETELY BY DECEMBER 9. FINALLY, [REDACTED] COMMENTED B1
THAT [REDACTED] BELIEVES BP IS THE ONLY COMPANY STILL DELIVERING TO B1
PDVSA. [REDACTED] EXPLAINED THAT PDVSA STILL NEEDS GAS FROM A BP B1
OPERATION (DCO) IN THE EAST FOR THE HEAVY OIL OPERATIONS.
PRODUCTION HAS DROPPED FROM 22,000 TO 8,000 B/D BUT THEY ARE
STILL DELIVERING TO PDVSA. EXXONMOBIL INFORMED ECONOFF THAT
THE JOINT VENTURE OPERATOR FOR THE EXTRA HEAVY CRUDE ORINOCO
BELT PROJECT, CERRO NEGRO, HAS DECLARED FORCE MAJEURE. ON
DECEMBER 9, THE COMPANY INITIATED A SHUT DOWN OF UPGRADER
OPERATIONS. FIELD OPERATIONS WILL CONTINUE AT A RATE OF
45,000 B/D. CHEVRONTEXACO CONFIRMED TO ECONOFF THAT IT HAS
RECEIVED A FORCE MAJEURE NOTICE FROM PDVSA FOR THEIR EXTRA
HEAVY CRUDE HAMACA PROJECT. THE COMPANY REPORTS THAT
OPERATIONS AT BOSCAN FIELD (WHICH REPORTEDLY STILL HAS

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CONSIDERABLE STORAGE AVAILABLE) HAVE SLOWED BECAUSE FIELD
PUMP OPERATORS ARE NOT REPORTING TO WORK.

SHIPPING

10. (C)

PROVIDED ECONOFF WITH THE FOLLOWING NUMBERS OF
VESSELS CURRENTLY ANCHORED OFF VENEZUELAN TERMINALS: 25 IN

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	SP-00	IRM-00	SSO-00	SS-00	STR-00	TRSE-00	USIE-00
	ASDS-00	EPAE-00	PMB-00	DSCC-00	PRM-00	DRL-02	G-00
	NFAT-00	SAS-00	/009W				

-----151298 092353Z /38

O 092255Z DEC 02
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC IMMEDIATE 8903
INFO DEPT OF COMMERCE WASHDC PRIORITY
DEPT OF ENERGY WASHDC PRIORITY
NSC WASHDC PRIORITY
OPEC COLLECTIVE
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AMEMBASSY BRASILIA
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C O N F I D E N T I A L SECTION 03 OF 03 CARACAS 003931

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NSC FOR LLORENS
ENERGY FOR DAVID PHUMPHREY, ANDREA LOCKWOOD, MICHELLE

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BILLIG, AND BART MARCOIS

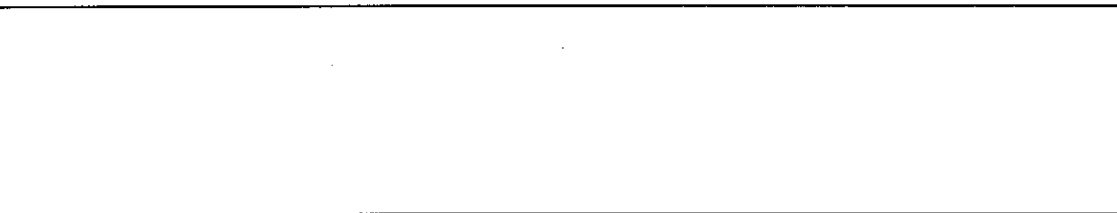
E.O. 12958: DECL: 12/09/2012

TAGS: EPET, PGOV, ECON, ASEC, VE

SUBJECT: PDVSA: RUNNING ON EMPTY

THE EAST OFF THE JOSE TERMINAL COMPLEX OR GUARAGUAO PORT
(PUERTO LA CRUZ); 12 IN LAKE MARACAIBO; ONE OFF EL PALITO;
AND FOUR OFF PARAGUANA FOR A TOTAL OF 42. THIS INCLUDES THE
14 STRIKING PDV MARINA VESSELS.

COMMENT



B1

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<< END OF DOCUMENT >>

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